# TFSA Investors: 2 Passive-Income Stocks to Build Long-Term Wealth

### Description

TFSA investors shouldn't treat the recent market correction as a setback but as a chance to get more passive income from beaten-up stocks at lower prices. Unless you're within three years of retiring or are already retired, the recent market beatdown is something that should have you excited to put money to work. Indeed, inflation is not backing off, with Canada's CPI flirting with 8%.



Though rate hikes are on the way, do not expect them to be some sort of magical cure to the economy's inflation problems. The Bank of Canada seems to have its hands tied, and it may not get nearly as hawkish as it needs to deal with all this inflation. For TFSA investors, lower valuations across the equity markets is an opportunity to build long-term wealth and steer clear of current rocky road of a market.

Now, passive-income plays are only great buys if their cash flows are able to support their dividends or distributions through tough times. Difficult times are up ahead. Whether it's stagflation or a recession, it's clear that many investors are not sufficiently prepared to deal with a 1970s type of slow-growth world.

## Buying market selloffs can be scary

Though nobody knows where markets are headed into 2023, we do know what the fate of excess savers will be. Inflation will eat away at their purchasing power at a rate that's the highest in decades. In essence, you're committing to lose wealth, just by doing the seemingly safe thing by hoarding sums of cash on the sidelines.

Though risk-taking could prove dangerous, as valuations reset across the board, I think that many low-beta dividend stocks are more than worth picking up here. Their payouts, I believe, are not stressed, and if we are due for relief in the second half, it's these such names that can help TFSA investors power their way to a full recovery.

Without further ado, consider the following two passive-income plays for your TFSA this July.

## SmartCentres REIT

REITs are typically a nice middle ground for risk-averse investors who want to balance their risks. Of late, REITs have been anything but a safe haven. **SmartCentres REIT** (TSX:SRU.UN) and the broader basket of real state plays have been hurt badly, with the average REIT flirting with bear market territory.

SmartCentres is staging a comeback after losing more than 21% of its value from peak to trough. Though a recession does not bode for retail REITs, I think investors are discounting the firm's staying power and the resilience of its tenants. With a **Walmart** anchor, SmartCentres is built for economic slowdowns. Its other tenants will reap the benefits of being housed in close proximity to a crowd-beckoning retail kingpin that offers some of the best deals in town.

With a 6.8% yield, Smart is a smart buy, indeed.

## Enbridge



**Enbridge** (TSX:ENB)(NYSE:ENB) of old form is back. It took a big oil boom to induce the recent rally, but I think the days of dividend growth and big gains are not about to go away anytime soon. The energy world has changed forever, with sanctions on Russia that may not be quick to go, even if it pulls out of Ukraine.

Domestic energy demand is likely to stay robust over the medium term. Even if a recession induces a bit of downside to oil, Enbridge is a firm that's unlikely to be rattled. It moves energy from point A to point B. With a 6.33% yield and secure operating cash flows, Enbridge stock is a great buy on its latest dip, which is likely to prove a magnificent opportunity.

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